

November 2010



**Friends of  
the Earth**

# Briefing

## Councils and business: working together to cut carbon

For councils and businesses the need to cut carbon represents both a pressing concern and a significant opportunity.

Saving energy, taking up renewable power and building decent transport networks make sense – cutting fuel bills, bringing in new sources of income, making energy secure and making sure local people can travel around efficiently and reliably.

**Friends of the Earth is calling for local carbon budgets for all local areas (see box on page 7). Meeting the budgets will require councils and businesses to work together.**

At least one-third of the UK's emissions are from business<sup>1</sup>, and the Carbon Trust estimate that 20 per cent of the UK's emissions are from small and medium-sized businesses (SMEs).

This briefing explores examples of existing best practice – where councils have set out policies and programmes to help businesses lower their emissions and benefit from low-carbon economic opportunities in the local area.

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We are:

- the UK's most influential national environmental campaigning organisation
- the world's most extensive environmental network, with around 2 million supporters across five continents and 77 national organisations worldwide
- a unique network of campaigning local groups, working in more than 230 communities throughout England, Wales and Northern Ireland
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## **Why going green makes sense for business**

An increasing amount of literature points to the economic benefits to business of action to cut carbon. As the Federation of Small Businesses points out:

*“the need to cut carbon emissions and the predicted dramatic increases in the cost of energy over the coming decade means that the move to a low carbon economy has become an economic imperative for the UK. Whilst these twin threats bring challenges for our economy they also bring opportunities – opportunities that can allow our 4.8 million small businesses to contribute to a greener economy, enjoy lower energy costs and benefit from new opportunities in a low carbon economy.”*  
**‘Making Sense of Going Green’, Federation of Small Businesses (2010)<sup>i</sup>**

### **Price drivers**

The **Carbon Reduction Commitment (CRC)** will require thousands of businesses not covered by the European Emissions Trading Scheme (EU ETS), to buy an estimated £1bn-worth of permits to cover their energy use for each year<sup>1</sup>. The Government is also expected to announce plans for a **floor price of carbon**, which could potentially operate by reforming the existing **Climate Change Levy** – a tax on energy paid by business.

Energy prices from fossil fuels will continue to rise. In November 2010 the International Energy Agency published a report concluding that in 2006 the world’s production of oil from conventional sources peaked, leading their chief economist to conclude that “The age of cheap oil is over”<sup>ii</sup>. A report from Lloyds Securities and Chatham House warns starkly that “businesses which prepare for and take advantage of the new energy reality will prosper – failure to do so could be catastrophic.”<sup>iii</sup>

### **Financial incentives**

If all UK businesses and public sector organisations undertook energy efficiency measures then at least **£3.6 billion could be saved per year**<sup>iv</sup>.

The global market for low-carbon goods and services already stands at an estimated £3 trillion<sup>v</sup>, which is projected to grow to over £4.3 trillion by 2015.

**Feed-in Tariffs (FITs)** and, from June 2011, the **Renewable Heat Incentive (RHI)**, further increase the economic viability of going green. FITs and the RHI give a guaranteed payment for every unit of energy generated from small-scale renewables – for example, to a business generating its own energy from a solar panel on the roof. As well as the tariff payments, which are fixed for at least 20 years, generators also benefit from reduced energy bills.

The Local Government Association states that in renewable energy and home energy efficiency alone, hundreds of thousands of **jobs** could be created<sup>vi</sup> – and research conducted by Carbon Descent for Friends of the Earth shows that at least 70,000 jobs could be created across England and Wales in energy efficiency<sup>vii</sup>.

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<sup>1</sup> In the Comprehensive Spending Review 2010, the Government surprised many by announcing alterations to the way the CRC will work. Previously participants had expected revenue to be recycled, thus rewarding good performance; however the scheme will now effectively operate as a tax.

## Case studies: how councils can help business go green

This section of the report explores eight examples of how councils have worked with businesses to help them unlock the economic benefits of carbon reduction, renewable energy, better transport and new markets.

### 1. Build a carbon reduction network for local businesses



- **Funding:** £150,000 from Islington Local Strategic Partnership
- **Membership:** Membership is free. To join members must commit to a carbon reduction target (this varies depending on when they joined the scheme), provide data on their energy use and support other members.

#### **Islington Climate Change Partnership (ICCP)** **London Borough of Islington**

ICCP is a partnership of (currently) 194 organisations within the Borough, all of whom have committed to reducing their emissions by 15 per cent in three years through energy saving measures and management. Over 60 per cent of members of the ICCP are businesses.

Members benefit from **free energy surveys**, events such as **workshops** and a supportive **community** that encourages each other to go further in cutting energy bills.

8,654 tonnes of CO<sub>2</sub> were saved by the programme in 2008-2009.

As an example of what the scheme can achieve, one member – the London Symphony Orchestra – has reduced its CO<sub>2</sub> by 21 per cent, saving over £7,000 a year on their energy bills.

[www.islington.gov.uk/iccp](http://www.islington.gov.uk/iccp)

### 2. Work with neighbours to build a strong low-carbon economy

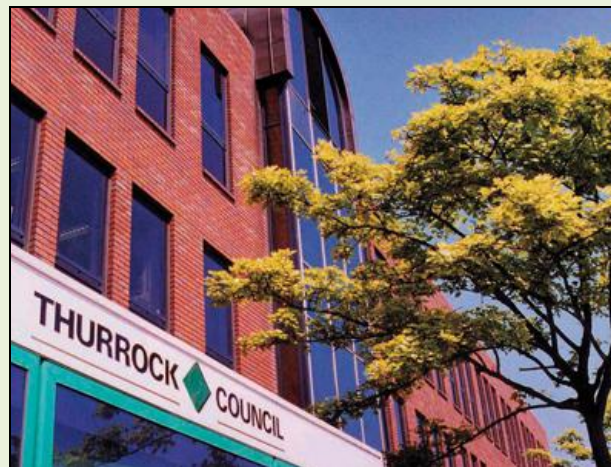
#### **Low Carbon Business Programme (LCBP)** **Thurrock Council**

The LCBP works with small and medium-sized businesses (SMEs) to save them money and cut their carbon by encouraging them to take up energy efficiency measures.

The programme is led by Thurrock Council in partnership with five neighbouring councils and local enterprise, development and industry bodies.

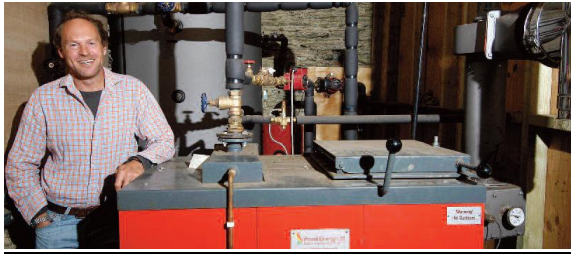
Members are provided with **expert advice** and awareness-raising events. Assistance with **action plans** is available, as are small **capital grants**.

[www.thurrock.gov.uk/business/content.php?page=low\\_carbon](http://www.thurrock.gov.uk/business/content.php?page=low_carbon)



**Funding:** £2.5m from the East of England's share of the European Regional Development Fund (ERDF)

### 3. Help business access new jobs, skills and markets



- **Funding:** £1.23m from mixed sources – including DCC and neighbouring councils, and 45% from ERDF funds
- **Jobs:** 55 jobs created in renewable energy sector  
[www.re4d.org](http://www.re4d.org)

#### **Renewable Energy for Devon (RE4D) Devon County Council (DCC)**

RE4D is a partnership between the council and a range of other organisations, which aims to both cut CO<sub>2</sub> and use the shift to renewable energy to boost economic development.

The aim is to increase the take-up of renewable energy amongst local businesses, householders, communities and the public by providing **expert advice** on how to choose, install and secure planning permission and funding for these technologies.

**Free surveys** and advice are provided to assess the feasibility of renewable energy; **grants** and **training** are available to develop skills.

109 renewable energy installations have been made so far, saving 1,300 tonnes of CO<sub>2</sub> a year.

### 4. Use procurement powers to stimulate green markets

#### **Peterborough City Council (PCC)**

Local authorities spend £42bn a year on outside contracts – from IT to research, catering and maintenance. Local authorities can have significant influence on the development of low-carbon business by stipulating the highest environmental standards from the companies from which they procure.

PCC is using its procurement strategy to encourage **resource efficiency** throughout the supply chain.

It is a member of the Supply Chain Network (SCN), run by Resource Efficiency East – a network that teams large organisations like councils with local SMEs to work together on developing resource efficient supply chains – such as waste and transport.

The SCN helps SMEs gain access to **new markets** and awareness of the merits of saving money through using resources efficiently, as well as helping larger organisations build sustainability into their procurement strategy. The savings can be considerable: for example, through the SCN 2Cs Communications has made savings on its energy bills of up to £35,000 a year<sup>viii</sup>.



- **Funding:** SCN is funded by its members as well as the ERDF.

[www.peterborough.gov.uk/news/latest\\_news/2010/july/businesses\\_supported.aspx](http://www.peterborough.gov.uk/news/latest_news/2010/july/businesses_supported.aspx)

## 5. Incentivise sustainable transport practices



[www.nottinghamcity.gov.uk/index.aspx?articleid=905](http://www.nottinghamcity.gov.uk/index.aspx?articleid=905)

### **Workplace Parking Levy Nottingham City Council**

Businesses can have a big impact on their carbon emissions by reducing car travel, both to their premises and as a result of their business activity.

Nottingham City Council estimate that congestion is a major drain on the city's economy - £160m a year, and only likely to get worse. The council's new **Workplace Parking Levy**, which will start operation in 2011, will affect businesses in the city that offer more than 10 parking places to their employees. The money raised (initially £5 a week for each extra parking space) will go directly to improving the city's public transport.

Councils can also work with businesses to build **workplace travel plans** – such as Pfizer's UK headquarters in Kent. Its travel plan, devised with the council, has cut car use by 12% and boosted bus use by 7-12%. And Bristol City Council's travel planning programme, which has involved 85 employers and nearly 30,000 employees, has resulted in reductions of car use of over 10 per cent.

## 6. Provide practical advice for businesses to encourage them to cut CO<sub>2</sub>

### **The low-carbon guide for businesses in Brighton & Hove**

Brighton & Hove Council launched a **practical guide for businesses** to encourage them to reduce their emissions.

The guide shows businesses how they can

- Reduce waste
- Use energy more efficiently
- Take up renewable energy
- Run staff awareness campaigns
- Understand the carbon footprint of their organisations



[www.brighton-hove.gov.uk/  
index.cfm?request=c1192814](http://www.brighton-hove.gov.uk/index.cfm?request=c1192814)

## 7. Use planning powers to develop green energy

### **Southampton-Utilicom Energy Scheme** **Southampton City Council**

The largest commercially developed **district energy scheme** in the UK started with a single customer – the council (the Civic Centre) – and has now expanded to cover thousands of consumers, including several hotels, a university, one of Europe's largest shopping complexes, and BBC television studios.

The scheme, which operates as a public-private partnership, supplies more than 40,000 MWh of heat every year. It is 85 per cent efficient (compared to an average of about 38 per cent for a centralised power station).

The station runs from geothermal energy in the Wessex Basin, but other councils have implemented similar schemes. For example Birmingham has recently launched its own city-centre district energy network.

The scheme offers customers savings of between 5% and 10% on their energy costs. 12,000 tonnes CO<sub>2</sub> are avoided per year.



- **Funding:** c£20m installation, with annual sales of 40GWh heat, 22GWh electricity, and 8GWh cooling
- **Jobs:** 80 full time equivalent jobs created in installing the scheme

[www.southampton.gov.uk/sustainability](http://www.southampton.gov.uk/sustainability)

## 8. Provide businesses with free renewable energy



### **Birmingham Energy Savers** **Birmingham City Council**

Birmingham Energy Savers is a **city-wide energy efficiency and renewable energy scheme** led by the City Council. It is the first major project to make use of the feed-in tariff, campaigned for by Friends of the Earth.

The scheme will eventually be extended to up to 100,000 homeowners and 100 businesses.

Residents and businesses will be offered loans to improve the energy efficiency of their property, together with free solar panels - meaning they'll benefit from cheaper energy bills. The loans are repaid as energy bills come down, and the council and its partners also collect the Feed-in Tariffs for the solar panels - meaning the scheme can be self-financing.

<http://www.birminghamenergysavers.org.uk>

- **Funding:** £13m for the initial part of the scheme, expanding to £100m as the scheme expands. Ultimately to be funded from a mixture of the Council, private lending, and a utility – all supported by the income of the Feed-in Tariffs.
- **Jobs:** the aim is to create or protect 270 green jobs or apprenticeships.

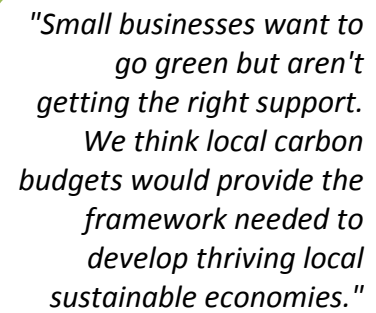
## Conclusions

As part of planning for local carbon budgets, councils will need to think about how they can encourage businesses to cut their emissions. This briefing outlines just a small selection of the many ways councils can work with business - ranging from **softer measures** such as providing information and advice to help companies use energy more effectively, to using **the power of local authority procurement** to support green local business or bringing in **new regulations or policies** such as workplace parking.

There is no one-size-fits-all; each area will need to develop the policies that work best locally.

Meeting local carbon budgets will also require national Government to set the right framework for business. Local carbon budgets would give a central role for councils to help boost the uptake and acceptance of national programmes and policies targeted at business, such as the Carbon Reduction Commitment, Feed-in Tariffs and the Green Deal for energy efficiency.

For business and the public sector alike, action to cut carbon and boost renewable energy is a sound business decision. What matters now, as the Federation of Small Business states, is that the framework is right.



*"Small businesses want to go green but aren't getting the right support. We think local carbon budgets would provide the framework needed to develop thriving local sustainable economies."*

**Federation of Small Businesses**

## Local carbon budgets

Friends of the Earth is calling for local carbon budgets for all local areas. Councils would draw up and implement area-wide carbon reduction programmes, working with local stakeholders. National Government would help councils with data, technical support, and by helping them to access the funding they need to get schemes off the ground.

The Government is being asked to introduce provision for local carbon budgets in the **Energy Security and Green Economy Bill**. The Bill is due to be published before Christmas with the aim of completion by summer 2011.

## More information

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*Research by Uche Umekwe.*

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- <sup>i</sup> Federation of Small Businesses, **Making Sense of Going Green** (2010): [http://www.fsb.org.uk/frontpage/assets/fsb0029\\_environment\\_report\\_web.pdf](http://www.fsb.org.uk/frontpage/assets/fsb0029_environment_report_web.pdf)
- <sup>ii</sup> International Energy Agency, cited in National Geographic, **World Energy Outlook**: November 2010: <http://news.nationalgeographic.com/news/energy/2010/11/101109-peak-oil-iea-world-energy-outlook/>
- <sup>iii</sup> Lloyds Securities / Chatham House, **Sustainable Energy Strategy: Strategic Risks and Opportunities for Business** (2010): [http://www.chathamhouse.org.uk/files/16720\\_0610\\_froggatt\\_lahn.pdf](http://www.chathamhouse.org.uk/files/16720_0610_froggatt_lahn.pdf)
- <sup>iv</sup> Federation of Small Businesses, <http://www.fsb.org.uk/News.aspx?loc=pressroom&rec=6527>
- <sup>v</sup> Department of Energy & Climate Change / Business, Innovation and Skills, **Investing in a low-carbon Britain** (2010): [http://www.decc.gov.uk/Media/viewfile.ashx?FilePath=What%20we%20do%5CA%20low%20carbon%20UK%5C1\\_20090511124612\\_e\\_@@\\_hmLowCarbonBritain.pdf&filetype=4](http://www.decc.gov.uk/Media/viewfile.ashx?FilePath=What%20we%20do%5CA%20low%20carbon%20UK%5C1_20090511124612_e_@@_hmLowCarbonBritain.pdf&filetype=4)
- <sup>vi</sup> Local Government Association, **Creating Green Jobs** (2009): <http://www.lga.gov.uk/lga/aio/1509491>
- <sup>vii</sup> Friends of the Earth / Carbon Descent (2009): [http://www.foe.co.uk/campaigns/climate/get\\_serious/green\\_jobs\\_councils\\_get\\_serious\\_25062009.html](http://www.foe.co.uk/campaigns/climate/get_serious/green_jobs_councils_get_serious_25062009.html)
- <sup>viii</sup> Resource Efficiency East, **Case Study – 2Cs Communications**: [http://www.resourceefficiencyeast.org.uk/uploads/2Cs\\_Case\\_Study.pdf](http://www.resourceefficiencyeast.org.uk/uploads/2Cs_Case_Study.pdf)